

Idaho saves a few more bucks

Sale of tax notes nets \$112,000 in interest savings

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Idaho taxpayers saved about \$112,000 Tuesday morning.

Bet you didn't notice.

But state Treasurer Ron Crane did.

"I'm going to crow for a little while," he said, giddy with the success of the morning.

Basically, here's what happened: The stability and viability of Idaho government that convinced the country's bond-rating agencies to give the state top marks also seems to have convinced investors.

When Idaho released \$375 million in "tax-anticipation notes" Tuesday morning, investors came calling.

"We had orders for \$937 million," Crane said.

The demand let the state drop its interest rate a little bit — to a tiny 0.8 of a percent — and saved the \$112,000 over what Crane had thought it would cost. When it's all said and done, Idaho will owe just about \$3 million in interest for the whole deal.

It's complicated, but the numbers people say that's pretty good.

"It's phenomenal," said Cheryl Cook, who works for Key Bank in Salt Lake City and has been the state's financial advisor for years. "Even those of us who have been around for a long time have never seen anything like this."

The sale of the notes — used to pay for Idaho's bills in the first half of the coming fiscal year — culminated several months of preparation by Crane and political wrangling by Gov. Dirk Kempthorne. Kempthorne convinced lawmakers that a high bond-rating was important to the state, and that's partly why the sales tax was increased this year to help keep education from suffering further cuts.

Of course, while taxpayers saved more than \$100,000 Tuesday morning on interest, they were busy paying Tuesday's share of an estimated \$13 million a month raised by the extra penny taxed on every dollar spent.

Still, Crane and Kempthorne will tell you, the high bond-rating helps every school district, city and county borrow money at low cost, and if that saves \$2 million to \$3 million a year over the course of some 20-year bonds, that can add up to a lot.

And to Crane, it's even more rewarding since other states and municipalities are having so much trouble. The market was looking so grim — even Tuesday morning — that minutes before Idaho released the notes, Crane considered raising the interest rate to attract investors. He didn't, and got to lower the rate a couple hours later.

"So this was a very nice compliment by the market to Idaho," Cook said.

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Edition Date: 06-18-2003



State Treasurer Ron Crane